



Giken Sakata (S) Limited (RCB No :197903879W)

TERM SHEET IN RELATION TO THE PROPOSED INVESTMENT BY MIYOSHI PRECISION LIMITED

1. The directors of the Company (the "**Directors**") are pleased to announce that the Company has entered into term sheet dated 14 December 2007 (the "**Term Sheet**") with Miyoshi Precision Limited (the "**Investor**") in relation to a proposed investment (the "**Proposed Investment**"). The structure of the Proposed Investment involves the following:-
 - (i) the Investor subscribes for 23,529,411 new ordinary shares (the "**New Shares**") in the issued share capital of the Company for the total subscription consideration of S\$1.5 million (representing a subscription price of S\$0.06375 for each New Share, which is a 15% discount from the net tangible assets per share in the Company as at 31 March 2007);
 - (ii) the Investor grants to the Company a bridging loan (the "**Bridging Loan**") in principal amount of S\$1.5 million pending the completion of the subscription for the New Shares for the purpose of funding the operations of the Company, the repayment of which will be set-off by the subscription consideration for the New Shares due from the Investor to the Company;
 - (iii) the Investor may grant to the Company further loans of up to S\$1.5 million (the "**Further Loans**") for which the Company will grant the Investor an option to convert the Further Loans to new shares (the "**Additional New Shares**") in the issued share capital of the Company; the issue price of each Additional New Share shall be the sum of S\$0.03234 per Additional New Share which sum is a 30% discount from the net tangible asset per share in the Company as at 30 September 2007; and
 - (iv) the Company to commence efforts with its financiers to restructure the Company's existing liabilities (the "**Restructuring**").
2. The Investor is listed on the mainboard of the SGX-ST. The principal activities of the Investor and its subsidiaries include the manufacture of components for hard disk drive, consumer electronic and automotive products and the design and fabrication of precision tools and dies.
3. The terms and conditions of the subscription for the New Shares, the Bridging Loan and the Further Loans will be formalised by the parties through the execution of an investment agreement (the "**Investment Agreement**"). Accordingly the Proposed Investment shall be subject to final documentation by parties.
4. The Bridging Loan will be disbursed upon the execution of the Investment Agreement and will be secured by a debenture (the "**Debenture**") granted by the Company to the Investor over all property and assets of the Company and which shall rank on a pari passu basis with the debentures granted by the Company to its existing creditors ("**Existing Debenture**"). The Further Loans that may be granted to the Company at the Investor's discretion of up to the principal amount of S\$1.5 million and that are fully disbursed on or before 30 June 2008 shall also be secured by the Debenture on a pari passu basis with the Existing Debenture until 12 months from the date of the last drawdown of the Further Loans (the "**Security Period**").

After the Security Period, the Further Loans shall be subordinated to the liabilities of the Company (as restructured) to its creditors save that the conversion of the Further Loans to Additional New Shares shall not be prohibited or restricted by such subordination.

Any other loans by the Investor to the Company beyond the Bridging Loan and Further Loans will not be secured by the Debenture unless prior approval is obtained from the creditors of the Company.

5. The subscription of the New Shares and the disbursement of the Further Loans are subject to certain conditions precedent being fulfilled including the requisite approvals being obtained from the relevant parties for the Proposed Investment which includes *inter alia*, the following:-
 - (i) approval for the issuance, listing and quotation of the New Shares and the Additional New Shares from the shareholders of the Company, and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**");
 - (ii) the Investor obtaining a waiver (the "**Whitewash Waiver**") from the Securities Industry Council (the "**SIC**") from the requirement to make a mandatory offer under Rule 14 of the Singapore Code on Takeover and Mergers (the "**Code**") for all the shares in the Company as a result of the issue of the New Shares, and the grant and exercise of the option in connection with the Further Loans;
 - (iii) the approval from the shareholders of the Company independent of the Investor by a resolution (the "**Whitewash Resolution**") waiving their rights to receive a general offer from the Investor and the parties acting in concert with the Investor under Rule 14 of the Code as a result of the issue of the New Shares, and the grant and exercise of the option in connection with the Further Loans; and
 - (iv) where the Whitewash Waiver and/or the Whitewash Resolution referred to above is granted subject to any conditions, such conditions being reasonably satisfactory to the Company and the Investor and such conditions being satisfied prior to the issue of the New Shares and the grant of the said option (where required).
6. The major shareholders of the Company (ie Siix Singapore Pte Ltd, Siix Corporation, and certain members of the Yokota family) shall, prior to the drawdown of the Bridging Loan, give an undertaking to the Investor:-
 - i) not to encumber or dispose their existing shares in the Company without the prior consent of the Investor;
 - ii) to vote in favour of the necessary shareholders' resolutions referred to in Paragraph 5 above.
7. In the event that the approval of the SGX and/or the approval of the shareholders of the Company is not obtained within 6 months from the date of the Investment Agreement (or such later date as the Company and the Investor may agree), the Investor may declare an event of default on the Bridging Loan.

8. The Company will work with its Bank Creditors and HP Creditors (collectively the Restructured Creditors) to restructure the Company's existing liabilities to such creditors on the terms substantially set out in Paragraph 9 below (the "**Restructuring**"). In this connection, the Company has entered into a term sheet with the Restructured Creditors on the principal terms of the Restructuring. The Restructuring shall be subject to the final documentation of the terms under a Debt Restructuring Agreement to be entered into by parties.
9. The main terms of the Restructuring shall include the following:-
 - i) All principal amounts and interest due and owing by the Company to its Restructured Creditors as at 30 September 2007 shall be treated as the principal sum (the "**Principal**") for the purpose of the Restructuring and for which interest shall accrue monthly in arrears at the lowest of the prevailing prime rates of the creditors (where such creditors are banks) from 1 October 2007.
 - ii) A schedule for the payment of the interest accrued on the Principal. Such payment shall commence from 1 January 2008. Monthly repayment of the Principal over a period of 6 years from 30 September 2008.
 - iii) The Restructuring shall be conditional upon, inter alia, the execution of the Debt Restructuring Agreement and such other documents reasonably required by the Restructured Creditors.
 - iv) During the Restructuring Period, the Company shall observe certain covenants and undertakings that are customary in such transactions, including the following:-
 - a) the Company shall not dispose its assets except in its ordinary course of business;
 - b) the Company shall not declare or pay any dividends;
 - c) the Company shall ensure that there is no material adverse change in the business or financial condition of the Group.
 - v) The Debt Restructuring Agreement shall include usual events of default, which shall include the following:-
 - a) the non-payment by the Company under the Debt Restructuring Agreement;
 - b) commencement of insolvency proceedings against the Company or its subsidiaries
 - c) the failure to complete the subscription of the New Shares under the Investment Agreement within 9 months from the date the Investment Agreement was entered into.
 - vi) During the Restructuring Period, the Restructured Creditors shall not (i) require payment of any part of the Principal or any interest related thereto save as provided by the Debt Restructuring Agreement; (ii) take any step to commence or continue any legal, insolvency or other proceeding, or exercise any right of set-off against the Company.

10. Further announcements will be made by the Company as and when appropriate. None of the Directors or substantial shareholders of the Company have any direct, indirect or deemed interest in the Proposed Investment.

For and on behalf of the Board

Eiju Yokota
President
17 December 2007